

Focus :

SUPPORTING ENTREPRENEURS

CONFERENCE

SUPPORTING ENTREPRENEURS : SHARING BEST PRACTICES

[FIN10]

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MAIN FINDINGS

Several different organisations are active today in supporting entrepreneurship. They are driven by a desire to show solidarity, to stretch the limits of the bank system and to act as true levers of local development. Platforms for spreading good practices across Europe have already been set up, and it is hoped that the reach of these instruments will spread around the Mediterranean. Regarding the importance of models for development aid, speakers underscore the fact that one must listen, share, understand and have something to add, but that one cannot simply copy and paste one particular model. While following this general thrust, one should always bear in mind the huge diversity of possible models, and one should present oneself as being part of a partnership with local stakeholders who are the ones who are most familiarised with the country's specificities.

SPEAKERS

Essma Ben Hamida

Co-founder and Executive Director, Enda Inter-Arabe

Christian Sautter

Former Minister of Economy, Finance and Industry, France / Chairman, France Active / Deputy to the Mayor of Paris

Louis Schweitzer

Chairman, France Initiative / Honorary Chairman, Renault

MODERATOR

André Letowski

Secretary, Développeurs Sans Frontières

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SUMMARY OF INTERVENTIONS

What are the motivations of the different actors who intervene in the sector of support for entrepreneurship?

After writing about hunger and poverty in the world, **Essma Ben Hamida** decided to take concrete action, thinking that NGOs could have a considerable influence in alleviating poverty around the world. The NGO *Enda Inter-Arabe* is well rooted in Tunisia thanks to the many different actions it carries out and the importance of its clients. **Essma Ben Hamida** decided to prioritise women in her work because Arab Muslim women have difficulty in gaining access to the same services as men (bank credit and entrepreneurship in particular). The NGO started providing microloans in 1995 in the poor neighbourhoods of Tunisia. It managed to reach 370,000 people. They began with 20,000 dollars – a small amount. She underscores the fact that all women are entrepreneurs in the home. With the microloans that women have received, they have been able to transform their homes by improving living conditions. Microfinance has therefore mainly overcome the challenge of transforming mentalities and ensuring that women in the Arab Muslim world are empowered. Microfinance has therefore been able to affect existing businesses (grocery stores, hair salons, etc.), allowing them to expand. After the revolution, the NGO wanted to work with young people and to take risks. Thanks to a Swiss institution, loans were provided to young Tunisians in order to allow them to set up their own businesses. According to **Essma Ben Hamida**, these different initiatives are a success, because since 1992, Tunisian entrepreneurship has seen growth, above all among women. On the other hand, rural areas are still facing difficulties. Women have not actually gained in independence, and heavy-handed treatment from husbands in the home is still widespread. Microloans could therefore be a means of penetrating into rural areas, not in order to spread the revolution, but to develop this spirit of family entrepreneurship.

Christian Sautter explains that the long-term unemployed are the main target for the scheme implemented by *France Active*. Of the 5,300 businesses that they helped to set up in 2011, more than 90% of them were supported and financed by these schemes. Solidarity-based businesses, which traditionally work

towards integrating people into the workplace, have also received funding from this scheme. More specifically, there is one particular initiative for women, which aims to help them to become entrepreneurs, since in France there are two male entrepreneurs for every female. The help provided is for rural areas in order to help develop a new understanding of the help schemes available and the neighbourhoods that are sensitive. Two reasons motivate **Christian Sautter** in his work. Firstly, there is a desire for solidarity and acting in specific areas. There is also a desire to put to an end the dual bank system by ensuring that banks expose themselves to high-risk clients as well as their regular clients. If a business has the *France Active* label, banks will be prepared to provide them with a loan given that the success rate is 80% over a three year period. In cases of failure, *France Active* reimburses the bank for half of the loan.

Louis Schweitzer has been the chairperson of *France Initiative* since May 2011, a network of associations which provides loans of honour and support for those who start up a business. The network discovered this field, that of helping businesses in starting up, as a result of what it saw when worker numbers were cut in the car industry. After making this observation, business decision makers first of all tried to help Renault workers to set up Renault Agencies. These workers had the technical skills and the will, but they had not been trained to head up a business. Problems related to finance and entrepreneur training had to be dealt with, as well as overcoming the loneliness felt by someone in charge of a business. For this reason, support and guidance for entrepreneurs is absolutely necessary in this context. **Louis Schweitzer's** experience at *HALDE* made him aware of the fact that there is considerable discrimination on the job market. Entrepreneurship is therefore a way of affirming oneself even though great energy has to be mustered in fighting discrimination in the workplace. The success rate for *France Active* in setting up businesses is 85% (higher than the national rate, estimated at 60%), showing the willingness of this institution to take risks.

How exactly is support provided for entrepreneurship in each case?

Christian Sautter highlights that *France Active* is developing bank microcredit which is guaranteed and which is aimed towards social and solidarity-based

businesses which create their own jobs. The banks that work with this institution provide loans at the same rate for all their clients, regardless of whether they are listed on the CAC 40 or based in a rural area.

As for France Initiative, **Louis Schweitzer** states that it has one activity related to that of France Active, given that it approaches people who want to set up a business and thus create jobs. In this way, help has been provided for 16,000 businesses, thus creating 35,000 jobs. France Initiative provides loans of honour, or rather loans without guarantees and without interest, with 8,000 euros provided per person. With a 98% repayment rate, banks are more willing to lend at low rates. Loans of honour provide a significant amount of leverage: for every euro borrowed, banks provide an extra 8.2 euros in additional financing. Human support maintains the link and is a way to support businesses in the work they do. Volunteers are mobilised by this project, including retired people but also young people. One way to create jobs is therefore through entrepreneurship.

Essma Ben Hamida draws attention to the fact that the lending scheme includes an interest rate, and that this is due to there being overheads for microcredit and the fact that their work is not subsidised. With 67 offices in Tunisia and 10,000 people employed, Enda Inter-Arabe is a type of micro bank which provides a local service. Despite an estimated rate of 25%, people can start up a business with 2,500 euros (the upper limit for loans), whether or not they are young, thus creating jobs. These loans are renewable and no debtor has complained that the rate could seem high for Westerners. After the decline of "briefcase business", i.e. cross-border traffic following the conflicts in Libya and Syria, the government funds certain types of training (baking for example), which acts as a springboard into business for women.

How can these good practices be transferred? And under what conditions?

Essma Ben Hamida admits that she came across difficulties when it came to applying European experiences to difficult situations such as those in Tunisia, where the percentage of people below the poverty line is much higher, and there is no solidarity coming from the wealthiest social groups. She is sure that there is a way to transpose the experience of

France Active, applying it to the situation in Tunisia, but that would require considerable effort.

Christian Sautter says that they are currently launching the Cap'Jeunes France Active project, allowing young people from the poorest backgrounds to obtain 2,700 euros of funding in order to start up a business. What is more, France Active took part in setting up the Europe Active circle for exchanging good practices across Europe. Christian Sautter suggests that horizons could be extended by setting up another group called "Méditerranée Active". However, he does highlight the fact that it is very difficult to transpose practices, because both people and institutions are fundamentally different from one situation to the next, and one must be deeply rooted in the economic and social surroundings in order to achieve true impact.

The importance of a local approach

Louis Schweitzer intervenes in the discussion with three comments. He firstly underscores the fact that France Initiative is not an organisation, but a federation of 230 local associations, half of the funding of which comes from local authorities. From his experiences, he believes that it is simpler to find generosity at a local level, since proximity always creates links, and these links then have to be built upon through the actions of volunteers, for example. Secondly, regarding financial help, different categories of people can be identified. Firstly, there are those that will never be able to gain access to a bank, as is the case for most young people in Tunisia. Secondly, there are those that can gain this access without any problem, and thirdly, those that need a guarantor and support in order to be able to reach the end of the process. It is this third group that the work of France Active and France Initiative is addressed to. Finally, Louis Schweitzer believes that in all countries there is enough space for all the many different models. The mission of these organisations is to introduce these models and to provide technical help in implementing them. He adds that there is also a strong desire among local authorities to lead actions in partnership with local authorities from other countries.

Essma Ben Hamida intervenes saying that in Tunisia, local authorities are effectively the voice of the government and not independent entities. She expresses her pessimism when it comes to applying different models, pointing out that there is a need to correctly

understand the social situation in the place where one is carrying out intervention. One example on this point are the models for helping young people to find the right work. Essma Ben Hamida notes that one of the greatest obstacles in Tunisia is that despite a considerable process which is creating greater democracy in higher education, young people are trained with the mindset of an employee and not that of an entrepreneur.

In France, on the other hand, as **Christian Sautter** confirms, most young people say they are interested in starting up a business, above all with the aim of becoming independent. The aim of France Active is therefore to help them not only in starting up the business but also in ensuring that entrepreneurial projects grow, with the hope of creating an alternative to banks.

REPORTER

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- **Enda inter-arabe:** www.endarabe.org.tn
- **France Active:** www.franceactive.org
- **France Initiative:** www.initiative-france.fr